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July 25, 1991

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MJ

RD-162
The Honorable Dan Morales
Attorney General of Texas
Price Daniel Sr. Bldg.
Austin, Texas

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SEP 03 91

Opinion Committee

Dear Gen. Morales:

Two recent cases before the Public Utility Commission have resulted in actions which I would like very much to bring to your attention.

The first of these hearings involved the Gulf States Utilities rate case. The GSU rate case was conducted in the normal, statutory manner, with hearings by the Examiner and a recommendation from the Examiner to the Commission. The Commissioners, on a 2-1 vote, chose to disregard the Examiner's recommendation and to allow the parties to strike an agreement among themselves.

There are three disturbing aspects about that settlement: first, the Commission is charged with the responsibility of making a decision based on the information obtained in a Rate Hearing. In my judgement that charge has been violated because the settlement was not based on the information obtained in the hearing process. Secondly, the agreement reached by the parties in private negotiation was double the amount recommended by the Hearing Examiner. The Examiner recommended a 14 million dollar rate increase and the agreed-to increase was 30 million dollars. Thirdly, the agreed-to rate resulted in a doubling of residential rates while at the same time, it resulted in a lowering of the rates for the Fina Refinery, the Chairman of whose Board is Paul Meek, who serves as chairman of the Public Utility Commission. If the Commission is going to allow the parties to negotiate rates, I question the need for the PUC and its twelve million dollar budget.

The second hearing is the presently on-going case involving the Dallas-based T U Electric. The noisome atmosphere pervading this hearing centers around the arrogance and audacity of the Chairman of the PUC, Paul Meek. How could a conflict of interest be more obvious? Paul Meek is a stockholder and board chairman of Fina Inc., which has sold fuel to T U Electric. We have the Chairman of the Public Utility Commission, Paul Meek, who is the Chairman of the Board of Fina Inc., sitting in judgement of T U Electric, a customer of his company and a source of his company's profits.

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DAN MORALES

Using one's public office for private gain is both despicable and illegal. Giving the impression of using one's public office for private gain is just as fetid. Thomas Jefferson, in Jefferson's Manual, addressed the issue of conflict of interest by stating that it is contrary "not only to the laws of decency, but to the fundamental principle of the social compact for any person to be a judge in his own cause." It is also contrary to the state constitution which, Paul Meek swore (or affirmed) to "preserve, protect and defend..."

My reason for bringing this matter to your attention is twofold: first, I would like for you to examine whether the PUC went outside its charge from the Legislature when it disregarded the evidence collected by its Hearing Examiner and allowed the parties to reach a settlement 100% higher than the Examiner's recommendation; and, secondly, I would like a determination as to whether the Chairman of the PUC violated the Conflict of Interest prohibitions when he participated in the case (T U Electric) which involved a utility company that is a customer of his company.

Sincerely,

A handwritten signature in cursive script, appearing to read "Al Price".

Albert J. Price
State Representative